

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission, on its)	Application No. NG-0028/PI-97
its own motion, seeking to investigate)	
and adopt policies for administration)	
of Consumer Choice Programs offered)	
by Jurisdictional Utilities for natural)	
gas service in Nebraska)	

COMMENTS OF POST ROCK GAS, LLC

Post Rock Gas, LLC ("Post Rock") files these Comments in response to the Nebraska Public Service Commission's ("Commission") Order Opening Docket and Requesting Written Comments ("Order") entered June 14, 2005. In the Order, the Commission requested written comments on five (5) issues regarding the adoption of policies for administration of Consumer Choice Programs offered by Jurisdictional Utilities for natural gas service in Nebraska. Post Rock, a certificated provider of competitive natural gas services in the State of Nebraska, is pleased to have the opportunity to submit the following Comments to the Commission.

ISSUE NO. 1: Adoption of a standard code of conduct for jurisdictional utilities seeking to offer consumer choice programs, using Kinder Morgan, Inc.'s Code of Conduct in its Nebraska Gas Tariff, General Terms and Conditions, Item No. 38, for purposes of discussion.

POST ROCK'S COMMENTS: Post Rock wholeheartedly supports the adoption by the Commission of a standard "Code of Conduct" for any jurisdictional utility seeking to offer a consumer choice program. Under the current arrangement, where a jurisdictional utility voluntarily, but unilaterally, incorporates a Code of Conduct in its Tariff, it is the sole responsibility of the customer purchasing services under the Tariff to monitor and enforce the terms of a Code of Conduct, which is essentially a matter of contract between individual customers and the jurisdictional utility. Clearly, individual customers typically do not have the

enforcement tools, resources or capability to pursue issues which appear to violate the Code of Conduct. The terms of the Kinder Morgan, Inc. (“KMI”) Code of Conduct contained in its Tariff provide that if a customer has reason to believe that the jurisdictional utility may have failed to adhere to the guidelines set forth in the Code, the customer shall contact the Company and identify with specificity the perceived failure. If the matter is not satisfactorily resolved within fifteen (15) working days, the customer may file a complaint with the Commission. This process places the full responsibility for enforcing an “industry wide” Code of Conduct on a specific customer who must continue to interact with the jurisdictional utility for its supply of product and services, making the burden of enforcement extremely difficult and risky. The Commission should not rely on the customer to supervise and self-regulate a jurisdictional utility through its tariff provisions. It is vital to the maintenance of a viable competitive natural gas industry that the Commission itself supervise the conduct of jurisdictional utilities and establish and enforce fair and reasonable standards of conduct with their customers. Only the Commission’s active oversight of these relationships can level the playing field for competitive providers and customers.

ISSUE NO. 2: Production of educational information by the Commission for consumers regarding consumer choice programs, such as pamphlets and website materials, using examples collected by Commission staff from other states for purposes of discussion, available for interested parties to review via Internet links on the Commission’s website at www.psc.state.ne.us.

POST ROCK COMMENTS: Post Rock supports the production of educational information by the Commission for consumers regarding consumer choice programs. In order to meaningfully participate in a competitive market for natural gas supply service, customers must understand that they actually have a choice of natural gas suppliers, how to make that choice and select a competitive supplier, and how to evaluate the choices which are available to them. The

education plan should emphasize the need to heighten customers' awareness and develop the "shopping" skills of affected consumers. Consumers need to be able to understand the significance of specific charges on their suppliers' bills and the prices quoted by suppliers so that customers can intelligently compare offers among and between competitive suppliers.

It is also critically important that the Commission emphasize that the safety and reliability of the natural gas system will not be undermined by selecting an alternative provider of natural gas supply. Consumer knowledge of the continuing oversight role of the Commission in the competitive natural gas industry is vitally important in giving consumers confidence in the integrity of alternate supply providers.

The Commission can further assist consumers by providing complete, objective and accurate information about the identity and operating relationships of those offering competitive services. Affiliate relationships are often poorly identified to consumers and widespread confusion exists concerning the true role some providers play in the competitive industry, and their true relationship with other parties. This "market" confusion undermines the competitive industry and requires an objective clearinghouse of information easily available to interested consumers. The Commission's website could be a valuable tool in disseminating clear and accurate information to consumers who have questions.

The Commission could also enhance consumer awareness by developing a common terminology to be used to educate customers about consumer choices. This terminology could be linked to common disclosures in bills, advertising and other marketing materials from utilities as well as suppliers. Other states have initiated consumer education programs in the natural gas industry and they should be evaluated for their means of administration and effectiveness.

ISSUE NO. 3: Annual reporting requirements for jurisdictional utilities that offer consumer choice programs and competitive natural gas providers that participate in consumer choice programs, including, but not limited to, customer take rates for each supplier, the default rate, information on range of rates and offerings available from each supplier during a consumer choice program selection period.

POST ROCK COMMENTS: Post Rock supports annual reporting requirements for jurisdictional utilities that offer consumer choice programs and competitive natural gas providers that participate in consumer choice programs. This information will be useful not only to the Commission in its regulatory capacity, but to consumers and competitive providers actively participating in the competitive marketplace. Consumers will benefit from the information and will be in a position to make better and more informed decisions regarding the competitive supply process.

ITEM NO. 4: Whether and how to calculate historic cost comparisons among the suppliers for the benefit of consumers and the Commission.

POST ROCK COMMENTS: Post Rock does not feel that the calculation and publication of historic cost comparisons among suppliers is productive or necessary. In a competitive marketplace, the relative costs associated with each supplier's delivery of its competitive product are of little importance to consumers when the price of products and services to consumers is readily available from multiple competitive suppliers. The information sought to be collected annually, identified previously in Issue No. 3, will be far more beneficial to the Commission and consumers than historic cost comparisons among suppliers. The competitive marketplace is the ultimate crucible for the cost of products and services to the consumer.

ISSUE NO. 5: Auditing of consumer choice programs, including, but not limited to, auditing costs of administration of a consumer choice program by a jurisdictional utility.

POST ROCK COMMENTS: Post Rock feels that auditing consumer choice programs is critical to the ability of the Commission and customers of jurisdictional utilities to evaluate the

reasonableness and propriety of the rates being charged by the jurisdictional utility. Identification of all sources of revenue and categorization of all expenses including, but not limited to, the costs of administering a consumer choice program by a jurisdictional utility are crucial to the Commission's ability to meaningfully regulate utility rates charged to consumers. Especially when the jurisdictional utility has one or more affiliates involved in marketing or brokering natural gas, the allocation of revenue and expenses becomes critical. The Commission and consumers alike need to know how revenues and expenses are reported and allocated for purposes of the development of the jurisdictional utility's rate plan.

CONCLUSION

Post Rock is pleased to have had the opportunity to comment on the issues raised by the Commission concerning proposed policies for administration of consumer choice programs offered by jurisdictional utilities. Post Rock enthusiastically supports all but one of the issues raised by the Commission and feels that adopting official policies concerning the remaining issues will serve to preserve and enhance the growing, competitive gas industry in the State of Nebraska. Consumer education is critical to an effective consumer choice program and the Commission occupies a unique position in the development of a clearinghouse for clear, accurate, objective and meaningful information about how to "shop" for alternate competitive sources of natural gas. The Commission must also require the disclosure of vital financial information about the costs of administering consumer choice programs so that both consumers and the Commission have adequate information to evaluate rate plans presented by jurisdictional utilities. Further, the Commission should utilize its regulatory authority and resources to monitor and enforce a reasonable standard code of conduct for jurisdictional utilities seeking to offer consumer choice programs.

Respectfully submitted this 15th day of August, 2005.

POST ROCK GAS, LLC

By _____
Ann E. Tyler, Legal Assistant, for
Loel P. Brooks, #15352
BROOKS, PANSING BROOKS, PC, LLO
1248 "O" Street, Suite 984
Lincoln, NE 68508-1424
(402) 476-3300

Its Counsel

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 15th day of August, 2005, an original, five copies and an electronic copy of the Comments of Post Rock Gas, LLC, in Application No. NG-0028/PI-97 were hand delivered to:

Andrew Pollock
Executive Director
Nebraska Public Service Commission
1200 N Street
300 The Atrium
Lincoln, NE 68509-4927

Laura Demman, Director
Natural Gas Department
Nebraska Public Service Commission
1200 N Street
300 The Atrium
Lincoln, NE 68509-4927

Ann E. Tyler